



OFFICE OF INSPECTOR GENERAL

UNITED STATES POSTAL SERVICE

HIGHLIGHTS

June 3, 2014

Delivery Operations – Additional Carrier Services DR-MA-14-004

BACKGROUND:

The U.S. Postal Service's mail volume declined from about 171 to 160 billion mailpieces from fiscal years (FY) 2010 to 2012. The Postal Service had net losses of \$5 billion in FY 2011 and \$15.9 billion in FY 2012. It prepared a *Five-Year Business Plan* to address budget concerns and increase profits. Most of the proposed efforts to reduce budget deficits are cost-cutting initiatives, such as eliminating Saturday delivery, recalculating retirement prefunding obligations, and downsizing the workforce.

But revenue-generating opportunities could also improve the Postal Service's finances. Taking advantage of the delivery "last mile" by adding carrier services not directly related to mail delivery could increase revenue and enhance the Postal Service brand.

Our objective was to assess opportunities for the Postal Service to add carrier services to delivery operations.

WHAT THE OIG FOUND:

The Postal Service could increase the value of delivery operations, bolster revenue, and address community needs by offering additional carrier services. We identified a variety of services that could generate revenue, such as monitoring services for the elderly, collecting air quality data, verifying identification, delivering prescriptions on the same day, updating maps, and

reporting on traffic conditions. Some of these ideas may not be immediately feasible due to legal restrictions, but management should consider them.

Additionally, the Postal Service could generate revenue immediately by selling advertising space on its delivery vehicles. A market analysis the Postal Service conducted during our review estimated revenue potential of about \$15 million in FY 2014 and \$30 million in FY 2015 from this initiative.

WHAT THE OIG RECOMMENDED:

We recommended the executive vice president, chief marketing and sales officer, in coordination with the vice president, Delivery and Post Office Operations, develop a strategy to identify, evaluate, and offer the most promising additional carrier services, including ways to overcome identified barriers. We also recommended they jointly conduct a pilot test on delivery vehicle advertising and gather sufficient data to support a decision on this concept.